

October 5, 2006

Toni Hardesty, Director
Idaho Department of Environmental Quality
1410 N. Hilton
Boise, ID 83706

Re: Idaho Power Company, Hells Canyon Complex (HCC)
Application for Certification under Clean Water Act § 401

Dear Ms. Hardesty:

I am writing to withdraw the referenced application, which was submitted to the Idaho Department of Environmental Quality (IDEQ) on December 27, 2005, as amended by the addenda dated March 2006. Working with your staff, we have made substantial progress in addressing key water quality issues. However, additional work remains to be done that cannot be completed within the one-year time frame in which IDEQ must evaluate the application. We intend to file a new application by the end of January 2007.

This new § 401 certification application will contain additional information on the three principle resource issues that have been the subject of discussions with IDEQ, temperature, dissolved oxygen (DO) and total dissolved gases (TDG). The following summarizes the current status of our work on these issues, and what we intend to present in the new § 401 application.

Regarding temperature, Idaho Power Company (IPC), in consultation with IDEQ and the Oregon Department of Environmental Quality (ODEQ), has developed a scientifically based, defensible method for estimating temperature responsibility for the HCC. Some work still remains to adequately document the methodology and to determine IPC's appropriate responsibility. IPC is confident that the remaining work can be accomplished by the end of January 2007. The new application will include a plan that describes IPC's responsibility, as well as measures which provide reasonable assurance that IPC will meet its responsibility. The plan will also include an adaptive management element should changes in water quality standards occur in the future.

IPC understands its obligation to provide reasonable assurance that relicensing of the HCC will not cause violations of existing water quality standards. Nonetheless, IPC has informally proposed site specific temperature criteria for fall Chinook spawning based on what it believes is a solid foundation of data showing that the revised criteria would be fully protective of the designated beneficial use. IDEQ has convened a technical advisory group comprised of scientific staff at both DEQs, state and federal fisheries agencies, Native American tribes and an environmental conservation organization. IPC is hopeful that this process will lead to formal rulemakings in both Oregon and Idaho in 2007 to consider the criteria change. If successful, IPC will seek to modify its § 401 application accordingly.

IPC has also made considerable progress since submittal of the December 2005 application in developing and defining an appropriate level of responsibility for DO conditions downstream of Hells Canyon Dam. Over the past year, IPC has worked cooperatively with the DEQs to develop a methodology that IPC believes can defensibly define the DO deficit downstream of Hells Canyon Dam that is not currently addressed in the approved Snake River-Hells Canyon TMDL. The deficit below Hells Canyon Dam is attributable to upstream watershed pollution in combination with water quality processes within the HCC. IPC is in the process of developing the details of a plan for determining its responsibility and how DO supplementation will be achieved. The details will be included in the new application.

Additionally, IPC intends to include a framework for implementing upstream pollution reductions, should opportunities become available, to address its existing 1,125 ton DO allocation for Brownlee Reservoir in the plan scheduled for completion in January. The framework will include a technical basis for translating the in-reservoir DO allocation to upstream nutrient reductions.

Since December 2005, IPC has developed an adaptive management plan it believes has enough detail and certainty to demonstrate reasonable assurance of compliance with the TDG water quality standard. IPC believes it can adequately document and describe the adaptive plan and associated measures in the new application.

In conclusion, IPC very much appreciates the input and cooperation of IDEQ and ODEQ staff with regard to IPC's efforts in developing a § 401 application that addresses challenging water quality issues associated with relicensing the HCC. We look forward to continuing such efforts in the proceedings on the new application.

Please call if you have questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "DWMeyers", with a long horizontal flourish extending to the right.

David W. Meyers
General Manager Relicensing and Environmental Affairs
Idaho Power Company
(208) 388-2728
(208) 388-6902 fax
e-mail: davemeyers@idahopower.com

DWM/da

cc: Stephanie Hallock, ODEQ